



# CITY OF CONCORD

## NEW HAMPSHIRE

City Hall - 41 Green Street - Concord, NH 03301 - tel. (603) 225-8510 - fax (603) 228-2701

### COMMUNITY DEVELOPMENT ADVISORY COMMITTEE MINUTES

April 22, 2009

The meeting was convened at 12:10 P.M. in the Second Floor Conference Room, City Hall, 41 Green Street, Concord, NH 03301.

Present: Jeff Bart, Elizabeth Blanchard, Mark Coen, Michael Gfroerer, Nadine Salley, and Janet Sprague

Absent: Allen Bennett, Todd Haywood, and Dan St. Hilaire

Staff: Matt Walsh, Assistant for Special Projects  
Joia Hughes, CD Grants Consultant  
Bev Rafferty, Administrative Assistant

1. Minutes of March 25, 2009 meeting

Janet Sprague made a motion to accept the minutes as written; seconded by Elizabeth Blanchard; motion passed unanimously.

2. January 2009 CDBG award announcement

Joia Hughes informed CDAC that the Second Start grant application had been awarded block grant funding by the Community Development Finance Authority. Five out of the six applications submitted in January were awarded funding. The City of Concord placed third in the scoring. Joia explained the contract should be received soon and it will then have to go to Governor and Council, probably in July. Second Start is ready to begin their project by this Fall. The City will receive approximately \$24,000 in administration funds for this grant.

The Chairperson moved the agenda items as follows:

4. PIRP Amendments re: Late Payments and Penalties

Mr. Walsh explained that he had made revisions as was discussed at last month's CDAC meeting. Regarding the Penalty sections, some members questioned the wording of the penalty of 5% on the "unpaid amount". Did that "unpaid amount" mean the total due on the loan or just the principal of that month's late payment. It was decided to insert the word "payment" between "unpaid" and "amount" so each penalty section will read "..... penalty of five percent (5%) of the unpaid payment amount.....". With this revision, Michael Gfroerer made a motion to submit the PIRP to City Council for adoption; seconded by Elizabeth Blanchard; motion passed unanimously. Staff will prepare the necessary documents for City Council action.

6. Revolving Loan Fund

Outstanding loans report: Mark Coen inquired as to why there were so many clients paid ahead on their loans. Bev Rafferty noted that often when she does the loan closing, the client tells her they want to pay the loan off as soon as possible and they ask to be sure there are no penalties for early payment. There are none so these people send in payments in advance.

Nadine Salley noted CDAC is very conservative when approving loans. We want the client to be comfortable with their payment and if then can afford more then they pay ahead.

At this time there is only one client that is behind in payments but staff has contacted that customer and will continue to follow-up with him.

***(Note: the three new loan requests were discussed later in the meeting and are noted below.)***

3. Review of the proposals for the July 2009 round of CDBG funding

Joia Hughes noted there were four applications received for the July 2009 round of CDBG funding. Friends of Forgotten Children submitted an application for operating funds but Joia contacted the Director to let him know grants cannot be used for that purpose.

The three other applicants were: Steve Arndt Real Estate, Denov Realty, LLC (the Vegas Building), and Concord Red Cross. Joia Hughes presented her report and mock scoring spreadsheet. She also noted that the maximum scoring points is 400. The deadline for applying is July 27, 2009.

**Arndt Realty:** Joia Hughes noted the Arndt's owned several properties in the Concord area. They had submitted a capital improvement project identifying areas where they need to do some work. Joia had met with the Community Action Program and reviewed fuel assistance applications for the properties and found that many tenants appeared eligible for fuel assistance and weatherization funds. She noted that the matching funds indicated on the scoring sheet represented the minimum amount allowed. Thus, the project scored only 252 points. Staff indicated that they felt the project, based on the mock scoring, would not be competitive against the other requests, as, based on the recent results of the January 2009 grant round, projects need to score at least 300-320 points to be competitive.

Ms. Hughes did note, however, that Arndt Real Estate owns two properties which have 100% benefit to low-mod income people. One is a boarding house with 21 units and the other is a 6 unit multifamily home. Both need life and safety improvements as well as energy conservation work. If a CDBG application were limited to just these two properties, the request would raise the application score a little higher to 282 points.

Ms. Hughes continued that the rents are affordable and they hold to the HUD rent rate criteria which means they are locked into these rates for at least ten years. The match would be the CAP weatherization funds and the owner would provide a small contribution.

Nadine Salley noted that in the original proposal, the owners were going to fix something on all of the properties. Joia Hughes noted that if CDAC voted to go forward, a comprehensive income survey would be done on every tenant but based on the fuel assistance information she obtained, this is the best we could attain.

General discussion ensued. Ultimately, the CDAC concluded that the project, though worthy, would not achieve the minimum scoring required in order to make the CDBG application competitive. In light of this conclusion, CDAC directed staff to inquire whether the Arndt's might be interested in a low interest loan in lieu of a grant for making improvements to their properties.

**Denov Realty, LLC (the Vegas Building):** Joia Hughes gave a summary on the number of code violations known at this time. The current owners are facing possible foreclosure. She and Mr. Walsh briefly reviewed the history of the property as well as the owner's current financial and legal situations. Some CDAC members noted concern with putting money into this property given the high probability that the property might fall into foreclosure. Ms. Hughes noted this is an application that, if awarded for funding, may never "close" due to these issues. Consequently, the city or its local not-for-profit partners could lose out on chances to put money into another property.

Matt Walsh provided an overview of the population currently living within the building. He noted that many of the current tenants have unique mental health and other issues. Because of those issues, the building is well suited to serve this clientele. Mr. Walsh also expressed concern that a possible bankruptcy could force relocation of the current tenants. This would be traumatic for the tenants, as well as a major social services issue for the City. He noted that the City recently held a meeting with various stakeholders and housing providers to explore a "structured" bankruptcy – if needed – whereby the property would be placed into receivership and managed by the Concord Housing Authority or CATCH Neighborhood Housing. However, this concept is still being developed.

Staff reported that the building's code issues have persisted for several years. Ms. Hughes reviewed the numbers on the mock scoring sheet but CDAC members felt this was not a productive use of time and would not like to use grant money for it given the owner's current legal and financial troubles.

Nadine Salley inquired if it went to foreclosure could one of the non-profits bid on it. Mr. Walsh noted staff had met with representatives from CATCH, Community Action Program, and others last week. Riverbend and Concord Housing Authority were invited but unable to attend that meeting. Carlos Baía is trying to schedule a meeting with the lenders before it goes to foreclosure and the bid process. Mr. Walsh

noted the assessed value of the building is \$1.5M and the current owners purchased it at \$2.3M.

Joia Hughes noted some tenants have lived there for 15 years and being forced to move would be very hard on them.

Matt Walsh noted that the timing does not work; the current owners submitted their proposal with Joia Hughes' help; he feels this application could wait.

Nadine Salley inquired if the score would be higher if a non-profit owned it but Joia Hughes felt it would not. It would just be eligible for more funding.

Ms. Hughes noted all the applications lost points just by being in Concord and there was not enough match to score well. Discussion ensued with an inquiry that if this proposal is not accepted would that mean the eviction of the tenants but staff noted it would not. CDBG monies need to be used in structures that will be solid when the project is done. There are significant structural defects in this building now and the funds from this application, if awarded, would not correct those problems.

CDAC inquired as to the structural problems and Matt Walsh speculated that issues with the building's North wall are likely more complex than simple repointing of the existing masonry. Members of CDAC inquired as to when the City typically decides if a building is not habitable. Mr. Walsh explained that the Code Administrator would have to make such a determination.

**Red Cross:** Joia Hughes noted the mock scoring indicates this is the best proposal. She reviewed the proposal; they have a number of improvements to make to their buildings. Originally the Red Cross had approached her requesting just a generator but she explained that a \$38,000 grant would not score enough to be awarded. She worked with them and now they are requesting a new roof, air conditioner and more. She explained that when the building was reconstructed, attic space was not done and that space is needed for storage. She continued that computers are not usually acceptable but it increased the grant proposal to \$90,000. They did not indicate a match but she feels they could come up with something.

There is more than one building involved; Maitland Street is the one that needs the new roof and air conditioner; there is another building near CAP. The \$38,000 for the generator could be done by a loan and Joia Hughes noted that could be used as the matching funds.

The Maitland Street building was built, in part, with CDBG funding through the County. There is a small percentage on the administration side but the social benefit is the big thing vs. getting money for administration even if this is 20 points shy of the minimum from the last round. Michael Gfroerer inquired if the last round's scoring was indicative of scoring in the past and staff noted it is.

Matt Walsh noted the city is only eligible at this time for approximately \$160,000 due to the awarding of the Second Start grant last week. The city can apply in January 2010 for another \$500,000.

Chairperson Bart noted that none of the three proposals received by CDAC were overly strong. He also noted that preparing a CDBG application takes significant time and effort by the City. Given the lack of a “slam dunk” candidate, it might not be worth proceeding with any of the proposals. Michael Gfroerer inquired how those that submitted applications would feel if the City ultimately decided not to pursue any of the projects proposed. Nadine Salley noted this is going by the law of demand and does the city know where it stands. Joia Hughes noted the CDFA asks municipalities for speculative funds that will be requested and there is currently \$10M in demand at this time when CDFA (Community Development Finance Authority) has only \$2.5M in funding. The demand is greater than ever. Thus, competition will be greater than ever.

Joia Hughes noted that with some modifications, an additional 10 - 20 points might be garnered for each proposal. However, they would still score poorly as compared to the competition. She also noted that if the City of Concord does not apply for the \$163,000 for which it's eligible, there will be other municipalities that could use this money.

It was suggested that Joia Hughes approach these applicants and review the Revolving Loan program with them to see if they would be interested in that in lieu of going through with a grant application. There was discussion about applying for a grant and giving the applicant false hope and it was noted that if they use the loan program, they must still be restricted on rent control and Joia Hughes noted rent control remains for the life of the loan.

Janet Sprague made a motion that the city not submit any applications for grant funding in the July round; seconded by Nadine Salley; motion passed unanimously.

CDAC requested staff contact the three applicants and advise them of the loan funds available as another option but there is criteria associated with that they must make payments.

6. Revolving Loan Fund (new loan requests)

At this time Chairperson Bart returned to the Revolving Loan Fund item as three new loan requests had been received.

**Gifford:** Joia Hughes reviewed her report regarding a loan request from Ms. S. Gifford of Penacook. She explained that Ms. Gifford is trying to obtain custody of her two grandchildren currently in foster care. However, in order to secure custody, she needs some work done to her home. The Code Administration Division and the Fire Department have done inspections of the property and noted hard wired smoke detectors are needed, an egressible skylight should be installed in one of the

bedrooms, and the hot water tank needs a temperature valve to prevent scalding. With these changes, her home will pass inspection.

Ms. Hughes reviewed the credit history and recommended this loan be approved. The loan would be for \$2,000 at 3% interest for two years. Ms. Hughes also noted this would get two children out of foster care and with their family.

Michael Gfroerer made a motion to approve this loan as recommended by staff; seconded by Janet Sprague; motion passed unanimously.

**Second Start:** Joia Hughes reviewed her report on Second Start's request for \$43,087 to purchase a new bus. The Second Start childcare will utilize the bus and the Second Start adult program provides transportation to students who often do not have other means of transportation. Ms. Hughes reviewed Second Start's history of loans with the city and noted each loan was paid on time. She recommends this loan be approved for \$43,087 at 1.5% interest for 5 years.

Ms. Hughes noted the interest rate she recommended was lower than the rate usually applied but Second Start had requested a zero percent interest rate so she thought meeting them halfway would be better. CDAC reviewed the language in the PIRP and it reads that CDAC does have the authority to change the interest rate outside the usual parameters in order to make a project financially feasible.

Ms. Hughes' report had indicated payments at interest rates from zero percent to 3 percent and the difference was minimal. CDAC was concerned about setting a precedent if they lowered the interest rate on this loan below 3%. Brief discussion followed and then Michael Gfroerer made a motion to approve the loan in the amount of \$43,087 at 3% for 5 years; seconded by Elizabeth Blanchard; motion passed unanimously. Staff will contact Second Start to advise them of this decision.

**YMCA:** After having a tough time paying off their previous loan, the YMCA did make their final payment in January 2009 on time. The "Y" is now applying for funds in the amount of \$154,924 in order to purchase new exercise equipment. Ms. Hughes reviewed her report noting the "Y" is having membership difficulties and, as such, have embraced a national "Y" model called "Activate America" which has proven results across the country. The "Y" is confident that the purchase of this new equipment will increase their membership and retain current loyal members. They also believe the "Activate America" model will benefit the Concord community.

Ms. Hughes noted that she had calculated this loan request to keep their payment close to what they were paying on the loan that recently concluded. She noted the "Y" had taken advantage of non-profit discounts when obtaining quotes for the equipment and had saved \$77,000.

Discussion ensued and some members did not have extreme confidence that purchasing new equipment was going to solve their membership problem and attract people to the "Y". It was noted this would help the "Y" become marketable again. It was asked how the "Y's" rates compare to other fitness centers but staff did not have

that information. Ms. Hughes had just received their financial information this morning. Some questions to be answered are if the "Y" balanced in the black the first half of the year by laying people off, how will they balance in the second half of the year; would they be able to make the loan payments if the rest of the year does not bear well?

CDAC would like more information about how the 'Y' would pay back the loan so this item will be reviewed in May. If for some reason a May meeting is not held, staff will provide the CDAC members with the new information and request a vote by phone or e-mail.

5. FY 2010 Budget

Matt Walsh noted that the \$11,000 support budget request from the Revolving Loan Fund had been reduced to \$7,035 and would be used only as needed. He also noted that this number is more in line with the interest earned on the fund.

7. Other Business

190 Manchester Street: Matt Walsh informed CDAC that the new roof was done but there is now a mold problem that needs to be cleaned up. Matt continued that this will probably cost more than what CDAC approved for this project. At this time there is no money in the Emergency Grant Account but a \$9,500 appropriation is pending at the May City Council meeting. Mr. Walsh will keep CDAC posted and he noted he does not feel this will be a substantial cost but the mold cannot be left there - it is a liability issue.

8. Adjournment

There being no other business brought before CDAC, and upon a motion duly made and seconded, with unanimous approval, the meeting adjourned at 1:30 P.M.

Respectfully Submitted,

Beverly A. Rafferty  
Administrative Assistant